

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
May 21, 2007
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, May 21, 2007 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, and James Sullivan.

At 10:00 a.m. on Monday, May 21, 2007 Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Pending Litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters;**
- 4. Closed session minutes; and**
- 5. Evidence and testimony presented in disciplinary hearings.**

Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 1:45 p.m. The Board went into Open Session at 2:05 p.m.

APPROVAL OF MINUTES -

Member Moore moved that **the Board approve the closed session minutes of its Regular Meeting of April 16 and 17, 2007 and open session minutes of the Regular Board meeting of April 17, 2007.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

BOARD POLICY ITEM -

- Rule 840 – Digital Recording and Record Retention (First Notice)

Member Sullivan moved that the Board authorize staff to submit proposed revisions to sections 3000.625 and 3000.840 of the Adopted Rules for First Notice Filing with the Secretary of State upon final review and approval by the Administrator. Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATOR'S COMMENTS –

Administrator Ostrowski stated that staff had meetings with some of the general managers within the last several months. Ostrowski also went on to state that this will become a regular occurrence at the Gaming Board.

PUBLIC COMMENTARY –

Nancy Duel – Anti Gambling Task Force – United Methodist Churches of the Northern Illinois Conference

Ms. Duel went on to commend the Board on protecting the integrity of gaming in Illinois. She questioned Penn's motive for wanting to keep the license in which it agreed to sell. If they are allowed to keep the license, she went on to say that Penn would own 3 riverboats in the State of Illinois. This would mean that Penn is in control of 1/3 of the casinos in Illinois. Harrah's sold their casino in Illinois so that they would not have a monopoly in Illinois, so why would Penn be allowed to do so? She stated that Penn should have to stick with the original agreement.

Penn National Gaming –

Jordan Savitch, Len DeAngelo, Tom Auriemma, Carl Sottosanti, Paul Jensen, Larry Suffredin were present for any and all questions.

The purpose of their appearance was to explain why Penn would like to retain the Empress Casino. They want the Board to reconsider Penn having to sell the Empress.

Jordan Savich went on to address several issues:

Undue economic concentration - Penn has given a number of facts to staff, over the period of ownership, Penn's market share has not increased whereas Harrah's was able to increase its market share by 2%.

The issue of promises fulfilled at time of the transaction - over one billion dollars has been invested in acquiring properties and renovating them. The commitment to the community has increased, along with the charitable giving which has increased by 10% over a 3-year period. At Empress we have increased our contribution to the community by 74%. The commitment to diversity has also increased. Penn has exceeded most of the general statewide averages when it comes to diversity. Purchasing has focused on obtaining goods and services from minority owned businesses. In Aurora alone, they have increased the qualified spend by 24%, and at Empress 31%. Member Moore asked in total what does that represent, and Mr. Savich stated that at Aurora, over \$250,000. The tax issues for shareholders would be devastating if Penn had to sell the Empress. We have worked through the dynamic nature of the legislative actions in the State of Illinois. In closing, the privilege to be in the State of Illinois is greatly appreciated. Penn has worked hard to be a responsible and reliable operator in the State of Illinois. Penn has kept their promises.

The Chairman asked what legislative action is Penn referring to, and Mr. Savich explained the tax environment - the hold harmless provision and the 3% tax are the key issues. Penn has still been able to increase their charitable giving and their qualified spending. In terms of selling, the tax reflects at what price Empress could be sold. Breaking even would be impossible.

Member Moore asked about the minority supplier dollars. Member Moore asked for the figure of the total vendor business. He was told that it represents a quarter of the qualified spend. Member Moore wanted to know the total dollars spent. Penn stated that the exact amount would be supplied. Member Moore stated that \$200,000 is a very insignificant amount. Penn stated that there are a very limited amount of suppliers for the slot machines, due to the limited approval list of them, but in the other areas minority suppliers are definitely utilized. Penn agreed to supply a more detailed list of vendors in use, and Member Gardner asked if they would do that before the next Regular Board Meeting.

Member Gardner went on to say that he had two objections to the letter that was sent to the Gaming Board from Penn. First of all, he strongly believes that the Board has an unquestioned and unfettered right at any time to require any licensee that obtains an undue economic influence to divest themselves. Member Gardner went on to say that in Penn's letter, he thought that Penn tried to acknowledge the Board's right to some extent or perhaps put some handcuffs on that right and that is at about page 9 or 10 in the letter. Member Gardner encouraged Penn to rethink that and the Board does have a right to demand at any time the divestiture of the property if the Board feels that Penn has obtained an undue economic influence. Mr. Savich stated that if Penn did imply anything to the contrary it certainly was not intended. He went on to state that he believes the Board does have the right to make such demand. Member Gardner went on to his 2nd comment about one of the charts; it mentioned the increase in charitable contributions to the communities served; one of them talked about how laudable Penn's record was; Member Gardner said he would call it at best inadequate. Penn gives less than ½ of 1% to local communities from that facility. That is an inadequate investment in the community. Mr. Savich stated that he would definitely look into the charitable giving numbers.

OWNER LICENSEE ITEMS

Tony Laserba made a brief presentation as to the purchasing of digital surveillance equipment at the Grand Victoria Casino.

A pamphlet was supplied with information referencing the surveillance equipment. Synectics digital system meets the goals for Grand Victoria Casino. Synectics has been in business for over 15 years and specializes in the gaming industry with digital equipment being supplied to over 30 casinos and over 15,000 digital channels. The company has partnered with IBM, Microsoft, and Seagate/Western. It has over \$150M in sales.

Synectics supplies superior video quality with low storage requirements, minimal networking expertise required to use or maintain, no single point of failure, the system is reliable, redundant, and contains intelligent fail over. The process of the transition should take about 5 months. Member Gardner stated that all of the casinos are encouraged to use digital surveillance, and that all their efforts are appreciated and the Board should waive the two-meeting rule.

- Grand Victoria Casino – Request for Approval to Purchase Surveillance Equipment (If Waiver of the Two-Meeting Rule is Approved)

Pursuaant to section 3000.260 of the Board's Adopted Rules Member Gardner moved that **the Board waive the two-meeting rule required by section 3000.105(e) of the Rules to permit Grand Victoria Casino to present to the Board its request for approval to purchase digital surveillance equipment.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Based on a review of staff's investigation and recommendation, Member Gardner moved, **pursuant to section 3000.230(d)(i)(j) of the Board's Adopted Rules, to approve Grand Victoria Casino's request to purchase \$2.3M of surveillance equipment from Southwest Surveillance Systems, Inc.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

- Harrah's Joliet – Eric Jokisch, Staff Auditor – Level One

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board approve Eric Jokisch, Level One Occupational Licensee in the position of Staff Auditor at Harrah's Joliet.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

Joe Domenico introduced Mike Rich as the senior vice president and new general manager of Harrah's Metropolis. Mike Crider will be retiring after 14 years of service with Harrah's.

- Casino Rock Island – License Renewal

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve the Owner's License of the Casino Rock Island for a term of 4 years expiring in May, 2011.**

Furthermore, Member Moore moved that **the IGB designate and approve the following business entities, individuals and positions as Key Persons of Jumer's Casino Rock Island.**

1. **Chairman of the Board/Treasurer**
2. **Vice President/Owner Director**
3. **President/Director**
4. **Vice President and Chief Financial Officer**
5. **D. James Jumer**
6. **James F. Jumer**
7. **John A. Jumer**
8. **Sylvia M. Jumer Wicks**
9. **Ronald Wicks**
10. **Gary Buettner**

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Casino Rock Island – Sean Bateman, Director of Slot Operations – Level One

Based on a review of staff's investigation and recommendation, Member Gardner moved that **the Board approve Sean Bateman, Level One Occupational Licensee in the position of Director of Slot Operations at Casino Rock Island.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

SUPPLIER LICENSEE ITEMS

Gaming Partners International USA, Inc. - Elisabeth Carrette – Key Person

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board approve Elisabeth Carrette, Key Person for Gaming Partners International USA, Inc.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS - Level 2's & 3's

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve 40 applications for an Occupational License, Level 2, and 133 applications for an Occupational License, Level 3.**

Further, Member Moore moved that **the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. **Diane Robinson**
2. **Howard Kirby**
3. **Mary Watts**
4. **Willie Andrew Berry**
5. **Tony Duncan**
6. **Priscilla Gilmore**
7. **Angela Jones**
8. **Gia Scales**

Member Moore commented on the denials. Four of the above are from the Penn organization. These 8 individuals were given jobs by the casinos and when the Gaming Board went and did their investigation, they found the 8 not suitable for the jobs. This is an on-going occurrence and we ask the casinos to be more careful in hiring of the applicants.

Member Gardner reiterated Member Moore's comments. People that are convicted of crimes of theft or dishonesty are ineligible to work at the casino. That's the rule and everyone has access to conviction information. They are statutorily ineligible.

Chairman Jaffe echoed the statements of Members Moore and Gardner. He went on to say that we don't have adequate staffing and conducting the investigations that the casinos are suppose to do is very time consuming. Please heed the words of Members Moore and Gardner.

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Denise Ibarra – Request for Leave to Reapply for Occupational License

Pursuant to section 3000.245 (f) of the Board's Adopted Rules, Member Sullivan moved **to deny Denise Ibarra's Request For Leave to Reapply for an occupational license**. Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATIVE HEARING/ALJ REPORTS

- In Re: The Disciplinary Action of Kerry Kelly, DC-06-16

Member Moore moved for **the entry of a Final Board Order revoking the occupational license of Kerry Kelly and setting forth the bases for revocation**. Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

Chairman Jaffe stated that the motions from Emerald were not received until the prior week, and the Board has not had sufficient time to discuss or consider them. It is the Chairman's recommendation that since the Board and staff has not had adequate time to read and review them, the Board will address these issues at the next Regular Board Meeting.

- In Re: Disciplinary Action of Emerald Casino, Inc., DC-01-05
 - Motion for Immediate Consideration of Emerald's Motion for Stay and Motion for Stay of Final Order of December 20, 2005

Member Gardner moved that **the Board enter the following Order (see attached order)**. Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

ADJOURNMENT

At 3:00 p.m. Member Gardner moved to adjourn. Member Sullivan seconded the motion.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator